



Committed to the future of rural communities.



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Value-Added Producer Grant Program (VAPG)



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Value-Added Producer Grant Program

FY 2005

Catalog of Federal Domestic Assistance
Number 10.352

F. Martin Fee
Business and Community Programs Specialist



Value-Added Producer Grant Program

FY 2005

- Administered by
USDA Rural Business-Cooperative Service
- Total Funds Available (2005)
Approximately \$14.3 million



Value-Added Producer Grant Program

FY 2005

Authorization

- Agriculture Risk Protection Act of 2000, section 231 (Pub. Law 106-224)
- Farm Security and Rural Investment Act of 2002, section 6401 (Pub. Law 107-171)



Value-Added Producer Grant Program

FY 2005

Purpose :

The Value-Added Producer Grant (VAPG) Program is intended to provide grant funds to agricultural producers for planning activities and working capital expenses to assist them in receiving a greater share of the consumer's dollar for value-added agricultural products.



Value-Added Producer Grant Program

FY 2005

Policy:

It is the policy of the Agency to fund a broad diversity of projects that help increase the agricultural producers' customer base and share of the food and agricultural system profit, including projects likely to increase the profitability and viability of small and medium-sized farms and ranches.



Value-Added Producer Grant Program

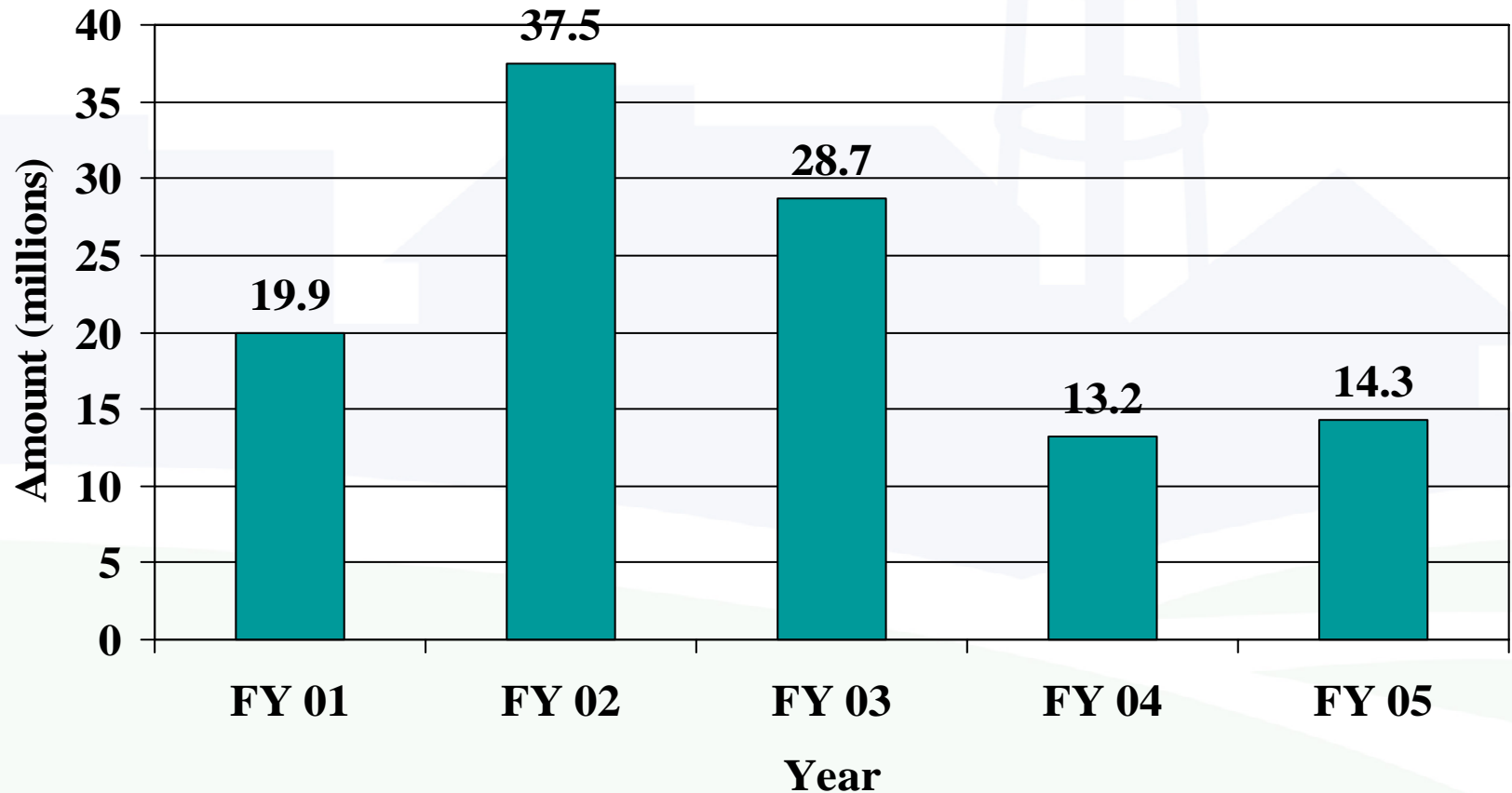
FY 2005

Value-Added:

Incremental value that is realized by the producer from an agricultural commodity or product as the result of a change in its physical state, differentiated production or marketing, as demonstrated in marketing plan, or Product segregation, or the economic benefit realized from the production of farm or ranch-based renewable energy.

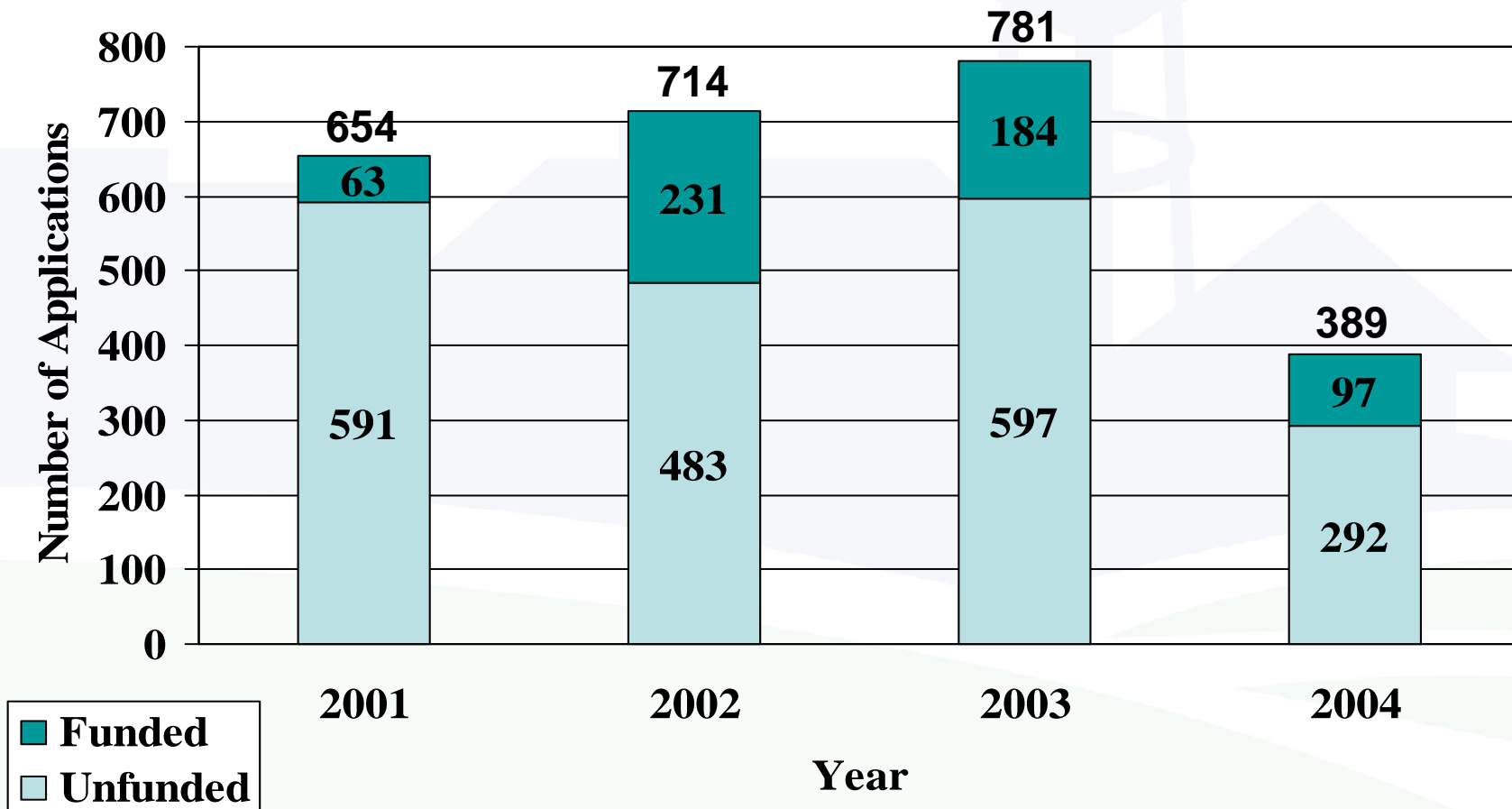


Value-Added Producer Grant Program Funding



Value-Added Producer Grant Program

Applications



Value-Added Producer Grant Program Statistics

Total Amount Requested



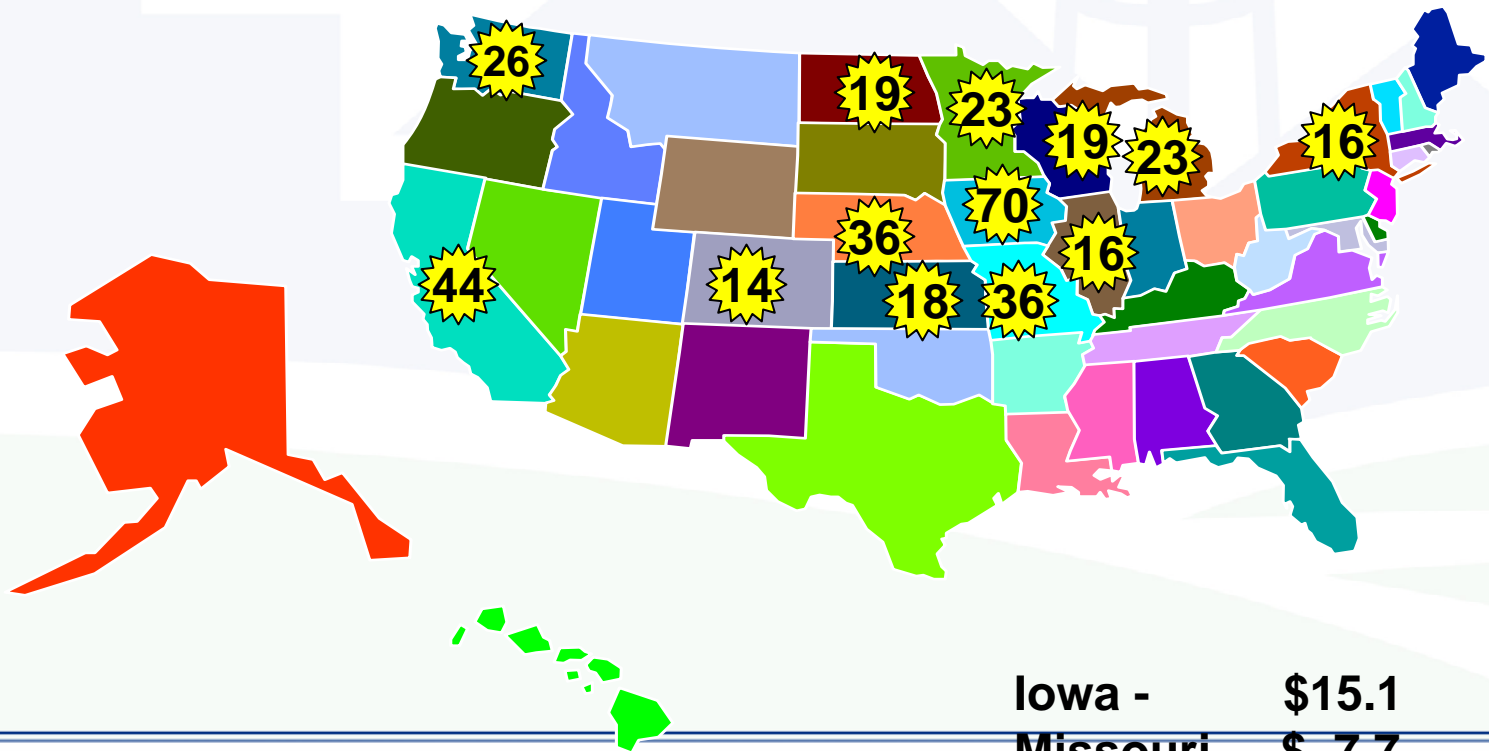
Average Amount Requested



Note: The maximum grant amount in all years was \$500,000.




(FY 2001 - FY 2004)



Iowa -	\$15.1
Missouri -	\$ 7.7
Nebraska -	\$ 6.4
Kansas -	\$ 4.5



 = number of grants

Value-Added Producer Grant Program Regulations

- Administrative Requirements
 - 7 CFR 3015 and 7 CFR 3019
- Cost Principles
 - OMB Circular A-122 and FAR 31.2
- Program Regulation
 - 7 CFR 4284
- Notice of Solicitation of Applications
 - Published in *Federal Register*, March 7, 2005



Value-Added Producer Grant Program

Application Processing

- Draft Applications
- Eligibility & Completeness
- Scoring



Value-Added Producer Grant Program

Draft Applications

- Submit by 4:00 p.m. local time April 22, 2005 to our State Office in Topeka, Kansas
- Completeness review only
- Checklist returned by May 2, 2005



Value-Added Producer Grant Program

Eligibility

- Applicant eligibility
- Product eligibility
- Activity eligibility
- Other eligibility requirements

“Failure to ... will result in a determination of INCOMPLETE and the application will not be considered for Funding.”

SEE THE VAPG 2005 APPLICATION GUIDE: That can be found at: <http://www.rurdev.usda.gov/rbs/coops/vadg>



Value-Added Producer Grant Program

Applicant Eligibility

- Independent Producer
- Farmer or Rancher Cooperative
- Agricultural Producer Group
- Majority-Controlled Producer-Based Business Venture



Value-Added Producer Grant Program

Definition

Agricultural Producer – Persons or entities, including farmers, ranchers, loggers, agricultural harvesters, and fishermen, that engage in the production or harvesting of an agricultural product.



Value-Added Producer Grant Program

Eligible Applicants

Independent Producer – Agricultural producers, individuals or entities (including for profit and not-for-profit corporations) (excluding Farmer or Rancher Cooperatives), LLCs, partnerships, or LLPs), where the entities are solely owned or controlled by Agricultural Producers who own a majority interest in the agricultural product that is produced.

Agricultural Producer Group – An organization that represents Independent Producers, whose mission includes working on behalf of Independent Producers, and the majority of whose membership and board is comprised of independent producers.



Value-Added Producer Grant Program

Eligible Applicants

Farmer or Rancher Cooperative – Farmer or rancher owned and controlled businesses from which benefits are derived and distributed equitably on the basis of use by each of the farmer or rancher owners.

Majority-Controlled Producer-Based Business

Venture – A venture where more than 50 percent of the ownership and control is held by Independent Producers, or partnerships, LLCs, LLPs, corporations or cooperatives that are themselves 100 percent owned and controlled by Independent Producers.



Value-Added Producer Grant Program

Product Eligibility

- **Change in physical state** (e.g. lamb chops, diced tomatoes)
- **Differentiated production or marketing** (e.g. organic) - must reference a business plan
- **Product segregation** (e.g. identity-preserved corn)
- **Farm-based renewable energy**



Value-Added Producer Grant Program

Activity Eligibility

- **Product Eligibility** – Project must involve a Value-Added product
- **Activity Eligibility** – Proposed project must specify whether grant funds are requested for planning activities or for working capital
 - Cannot apply for funds for both planning activities and working capital in the same proposal.
 - Other than Independent Producers applying for a working capital grant must demonstrate that the venture has not been in operation more than two years



Value-Added Producer Grant Program

Program Activities

Planning Grant – Facilitate the development of a defined program of economic activities to determine the viability of a potential Value-Added venture:

- To conduct feasibility analysis
- To develop marketing plans
- To develop business plans
- To obtain legal advice and assistance

Working Capital Grant – Provide funds to operate ventures and pay the normal expenses of the venture that are eligible uses of grant funds.



Value-Added Producer Grant Program

Eligible Working Capital Uses

- Design or purchase accounting system
- Pay for salaries, utilities, and office space rental
- Purchase inventory, office equipment and office supplies
- Conduct a marketing campaign for the proposed value-added product.



Value-Added Producer Grant Program

Other Eligibility

- Grant period eligibility
 - Timeframe < 365 days
 - Must be completed by December 31, 2006
- Sufficient information to determine eligibility
- Responsive to submission requirements
- Complete application
- Only one application funded per applicant
- Only one planning grant and/or one working capital grant per project per recipient
- Any previous grant must expire by December 31, 2005



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Other Eligibility Criteria

- Applicants should note that a project falling under working capital grant must already have a business plan in place at the time of application and that the business plan must be references in the application.



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Other Eligibility Criteria

Independent Producer:

- Proposal must demonstrate that the owners of the business applying own and produce more than 50 percent of the raw commodity that will be used for the value-added product.
- Proposal must demonstrate that the product is owned by the producers from its raw commodity state through the production of the value-added product.



Value-Added Producer Grant Program

Other Eligibility Criteria

Agricultural Producer Group:

- Must specifically identify the independent producers on whose behalf that work will be done.
- Must demonstrate that the producers own and produce the commodity to which the value will be added.
 - * Tentatively selected for grant award must verify that the work will be done on the behalf of IP's identified in the application



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Other Eligibility Criteria

Farmer/Rancher Cooperative:

- Must be in good standing as a cooperative in its state of corporation.
- Must explain how the cooperative is 100 percent owned and controlled by independent producers who produce the commodity to which the value will be added.

* If < 100 percent owned and controlled by IP's, coop may still be eligible to apply as a majority-controlled producer-based business venture



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Other Eligibility Criteria

Majority-Controlled Producer-Based Business Venture:

- Must state the percentage of the venture owned by Independent Producers (IPs), or partnerships, LLCs, LLPs, Corporations or cooperatives that are themselves 100 percent owned and controlled by Independent Producers (eligible producers).
- Eligible producers must own and produce the commodity to which the value will be added and have majority control over the business.



Value-Added Producer Grant Program

General Provisions

- No minimum grant requirement
- Max. Planning Grant - \$100,000
- Max. Working Capital Grant - \$150,000
- Intergovernmental Review
 - Executive Order 12372 does apply
- Limit proposals to emerging markets



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Definition

Emerging Market – A new or developing market for the applicant which the applicant has not traditionally supplied.



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Cost Sharing or Matching

- Funds must be equal to the amount grants funds.
- Other Federal funds cannot be used as matching funds.
- Funds must be spent at a rate equal to or greater than the rate which grant funds are expended.
- Funds must be provided either by the applicant or by a third party in the form of cash or in-kind third party contributions.



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Ineligible uses of grant and matching funds

- Fund any expenses related to the production of any commodity or product to which value will be added, including seed, rootstock, labor for harvesting the crop, and delivery of the commodity to the processing facility.
- Pay for expenses not directly related to the funded venture.
- Fund political or lobbying activities.
- Fund architectural or engineering design work for a specific physical facility.
- Purchase land



Value-Added Producer Grant Program

Ineligible uses of grant and matching funds

- Plan, repair rehabilitate, acquire, or construct a building or facility.
- Purchase, rent or install fixed equipment.
- Purchase vehicles.
- Pay someone to prepare your grant application.
- Fund any activities prohibited by 7 CFR parts 3015 and 3019.
- Fund research and development.



Value-Added Producer Grant Program

Application Completeness

- Forms (SF-424, SF-424A, SF-424B, Equal Opportunity Survey)
- Title Page
- Table of Contents
- Executive Summary
- Eligibility Discussion
- Proposal Narrative
- Conflict of Interest Disclosure
- Certification of Judgment or Debt Owed to the United States
- Verification of Matching Funds
- Certification of Matching Funds



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DUNS Number

- Must obtain a Dun and Bradstreet Data Universal Numbering System (DUNS) number
 - <http://www.dnb.com/us/>
 - (866) 705-5711



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Proposal Narrative

- Project Title
- Information Sheet
- Goals of the Project
- Work Plan
- Pro Forma statements, if working capital
- Performance Evaluation Criteria
- Proposal Evaluation Criteria



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Scoring Process

- Proposal Evaluation Criteria
 - Independent Review
 - State Office Review
- Normalization
- Supplemental Reviews
- Administrator Points



Value-Added Producer Grant Program

Evaluation Criteria – **Planning** Independent Reviewers

- Nature of the Proposed Venture (0-10 points)
- Qualifications of Those Doing the Work (0-10 points)
- Project Leadership (0-10 points)
- Commitments and Support (0-10 points)
- Work Plan/Budget (0-10 points)



Value-Added Producer Grant Program

Evaluation Criteria – **Planning** Servicing State Office

- Nature of the Venture (0-15 points)
- Amount Requested (0-1 point)
- Project Cost per Owner-Producer (0-2 points)
- Community and Industry Support (0-10 points)
- Business Size (0/10 points)
- **Number of Grants (-10/0 points)**
- Bio-Energy (0/5 points)



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Evaluation Criteria – **Working Capital** Independent Reviewers

- Business Viability (0-10 points)
- Customer Base/Increased Returns (0-10 points)
- Commitments and Support (0-10 points)
- Management Team/Work Force (0-10 points)
- Work Plan/Budget (0-10 points)



Value-Added Producer Grant Program

Evaluation Criteria – **Working Capital** Servicing State Office

- Business Viability (0-15 points)
- Amount Requested (0-1 point)
- Project Cost per Owner-Producer (0-2 points)
- Community and Industry Support (0-10 points)
- Business Size (0/10 points)
- **Number of Grants (-10/0 points)**
- Bio-energy (0/5 points)



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Normalization

- Normalization is a statistical process that adjusts the mean of the scores to 0 and the standard deviation to 1
- Helps correct for high-scoring or low-scoring tendencies
- Only independent reviewer scores will be normalized

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Supplemental Reviews

- Two additional reviews will be conducted in cases where the deviation between the high and low scores awarded by the independent reviewers are statistically different and re-scoring could affect the application's chances of being funded
- Reviews will be conducted by RD personnel not from the servicing state office
- High and low scores will be thrown out



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Administrator Points

- Up to 5 points
- May be awarded to:
 - Increase geographic distribution
 - Innovative projects
 - Projects in under-served areas
- State offices may suggest projects for points, but the Administrator ultimately makes the decision.



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Funding Decisions

- The Administrator of RBS makes the final funding decisions
- Applications will be funded in rank order until all available funds are expended



Value-Added Producer Grant Program

Award Process

- Applicants must:
 - Meet conditions of award prior to final approval for grant
 - Sign grant agreement
 - Submit progress and financial reports



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Unsuccessful Applicants

- Notified within 45 days of award announcement
- Can request informal review, mediation, or formal appeal (see 7 CFR 11)



Value-Added Producer Grant Program

The deadline for **final applications** is 4:00 p.m. Eastern time on May 6, 2005.

Grant award announcements
August 19, 2005.



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Final Electronic Applications

Submit electronic grant applications using:

<http://www.grants.gov>.



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Final Paper Applications

Postal Service:

Cooperative Services, Attn: VAPG Program
Mail Stop 3250, 1400 Independence Ave., SW
Washington, DC 20250-3250

UPS or Federal Express:

Cooperative Services, Attn: VAPG Program
Room 4016, 1400 Independence Ave., SW
Washington, DC 20250

(Phone number that should be used for FedEx
packages is(202)720-7558)



Value-Added Producer Grant Program

2005 VAPG Time Line

Date	EVENT
March 7	Publish Notice of Solicitation in Federal Register.
April 22	Application draft due to State Office for review.
May 2	Completeness checklists due to applicants.
May 6	Application deadline.
June 6	Deadline for State Offices to finish determining eligibility.
June 22	Deadline for the RD independent review to be completed.
July 15	Deadline for all reviews (both independent and state office) to be completed.
July 22	Deadline for project information sheets for eligible proposals to be completed by state offices.
July 29	Deadline for supplemental reviews to be completed.
August 5	Final ranking to Administrator.
August 19	Grant award announcements.



Submission Requirements

- **You may submit final application**
 - **Via the postal service**
 - **Via UPS or Federal Express**
 - **Via electronically**
 - <http://www.grants.gov>
 - Must obtain proper authentication
 - Must have sufficient computer resources to complete the application

Value-Added Producer Grant Program

Useful Links

- Program Website

<http://www.rurdev.usda.gov/rbs/coops/vadg.htm>

- Federal Register

<http://www.gpoaccess.gov/fr/index.html>

- Code of Federal Regulations

<http://www.gpoaccess.gov/cfr/index.html>

- Office of Management and Budget

<http://www.whitehouse.gov/omb/>

- Federal Acquisition Regulation

<http://www.arnet.gov/far/>



Value-Added Producer Grant Program

For more Assistance

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1303 SW First American Place, Suite 100
Topeka, KS 66604-4040

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Email: martin.fee@ks.usda.gov





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